



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 Punchbowl Street  
Honolulu, Hawaii 96813-5097

BRENNON T. MORIOKA  
DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

OAHU

**RESCIND PRIOR BOARD ACTION OF APRIL 28, 2006, AGENDA ITEM M-4,  
ISSUANCE OF LEASE BY DIRECT NEGOTIATION, DCL, INC., UNITS FV7E,  
FV7F AND FV7H, MULTI-USER BUILDING, DOMESTIC COMMERCIAL  
FISHING VILLAGE, PIER 38, HONOLULU HARBOR, OAHU**

**BACKGROUND:**

At its meeting of April 28, 2006, under Agenda Item M-4, as shown on the attached Exhibit "A", the Land Board approved the issuance of a lease by direct negotiation to DCL, Inc., for construction, installation, operation, use, maintenance and repair of improvements necessary for the storage, processing, and wholesale distribution of seafood products and ancillary services and products, including, but not limited to, the operation of a seafood restaurant, and retail sales of seafood products and produce, on lands situated at Pier 38, Honolulu Harbor, Oahu, Tax Map Key No. 1<sup>st</sup>/1-5-42, further described as the Domestic Commercial Fishing Village.

Lease documents were prepared and forwarded to DCL, Inc. for review and signature. Due to inaction to execute the documents by the deadline and the increase in businesses interested in the leasing of the lots within the Domestic Commercial Fishing Village, staff is requesting the closure of this request and to proceed with offering the parcel to another interested party.

**RECOMMENDATION:**

1. That the Board authorize rescinding prior board action taken at its meeting of April 28, 2006, under Agenda Item M-4.

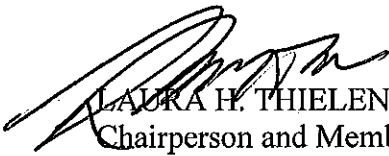
Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.  
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN  
Chairperson and Member



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

April 28, 2006

RODNEY K. HARAGA  
DIRECTOR

Deputy Directors  
BARRY FUKUNAGA  
BRENNON T. MORIOKA  
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

Board of Land and  
Natural Resources  
State of Hawaii  
Honolulu, Hawaii

OAHU

**ISSUANCE OF LEASE BY DIRECT NEGOTIATION TO DCL, INC., UNITS  
FV7E, FV7F AND FV7H, MULTI-USER BUILDING, DOMESTIC  
COMMERCIAL FISHING VILLAGE, PIER 38, HONOLULU HARBOR, OAHU**

**LEGAL  
REFERENCE:** Section 171-11, 35, 36 and 59 (b) Hawaii Revised Statutes.

**APPLICANT:** DCL, Inc., whose mailing address is 628 Laumaka Street, Honolulu,  
Hawaii 96819

**LOCATION:** Units FV7E, FV7F and FV7H of the Multi-User Building, Domestic  
Commercial Fishing Village, Pier 38, Honolulu Harbor, Oahu, Tax Map  
Key No: 1st/1-5-42:1 (Portion), as shown on the attached Exhibit "A".

**STATUS:** Governor's Executive Order Nos. 1396 and 4092 issued to the Harbors  
Division, Department of Transportation.

**AREA:** Approximately 11,767 square feet, more or less of interior space within  
the Multi-User Building.

**ZONING:** State Land Use Commission: Urban  
City and County of Honolulu: I-3 (Waterfront Industrial)

**LAND TITLE  
STATUS:** Subsection 5(a) of the Hawaii Admission Act, non-ceded.

**EXHIBIT "A"**

Approved by the Board  
at its meeting held on  
April 28, 2006

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**ITEM M-4**

**CHARACTER  
OF USE:**

Construction, installation, operation, use, maintenance and repair of improvements necessary for the storage, processing, and wholesale distribution of seafood products and ancillary services and products, including, but not limited, to the operation of a seafood restaurant, and retail sales of seafood products and produce.

**TERM:**

Thirty-five (35) Years, the commencement date to be determined by the Director of Transportation.

**LEASE RENTAL:**

Subject to the waiver of lease rental provided below, the annual base rental for the first twenty-five (25) years of the lease term, as determined by independent appraisal, shall be as follows:

Years 1 through 5	\$109,223.40
Years 6 through 10	\$125,606.91
Years 11 through 15	\$144,447.95
Years 16 through 20	\$166,115.14
Years 21 through 25	\$191,032.41
Years 26 through 35	Rental Renegotiation

The annual rental for each five (5)-year periods for the first twenty-five (25) years of the lease is based on a 115% increase of the last year of the previous five (5)-year period.

In addition to the above annual base rental, the applicant is required to pay the common area maintenance fees estimated at 14 cents per square foot per month for the calendar year 2006.

**WAIVER OF  
LEASE RENTAL:**

The provisions of the lease require the lessee to make substantial improvements to the premises, in an amount not less than \$1,000,000.00, including, without limitation, constructing and installing all interior utility lines, equipment and appurtenances necessary for the purpose of the lease. As a result, the lessee's obligation to pay rent to the State during the period of such construction shall be waived for a period not to exceed one year, and the waiver of rental shall terminate as of the date the lessee occupies the premises and commences operations.

**CHAPTER 343,  
ENVIRONMENTAL  
ASSESSMENT:**

The Harbors Division had both Draft and Final Environmental Assessments done for the Domestic Commercial Fishing Village Project, and a Finding of No Significant Impact was found for the project in June of 1998. The subject lease falls under the aforementioned Environmental Assessments.

**REMARKS:**

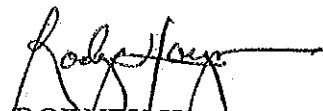
The lease, by direct negotiation rather than by public auction, is appropriate in this instance in order to provide the applicant a facility wherein they would be able to continue the close association necessary for convenient and efficient processing of fresh fish. Concurrent to this objective is the desire to consolidate major commercial fishing activities in a modern and more efficient environment where the complete range of seafood processing can be accomplished.

The lease for Units FV7E, FV7F and FV7H of the Multi-User building will be submitted to the Department of the Attorney General for review and approval as to form.

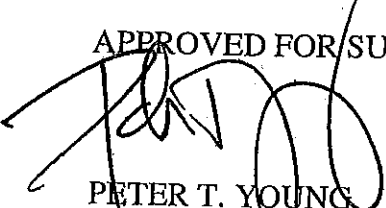
**RECOMMENDATION:**

That the Board authorize the issuance of a lease by direct negotiation to the applicant, subject to the terms and conditions outlined above and incorporated herein by reference and such terms and conditions as may be prescribed by the Director of Transportation.

Respectfully submitted,

  
RODNEY K. HARAGA  
Director of Transportation

APPROVED FOR SUBMITTAL:

  
PETER T. YOUNG  
Chairperson and Member

# Domestic Commercial Fishing Village Multi-User Building

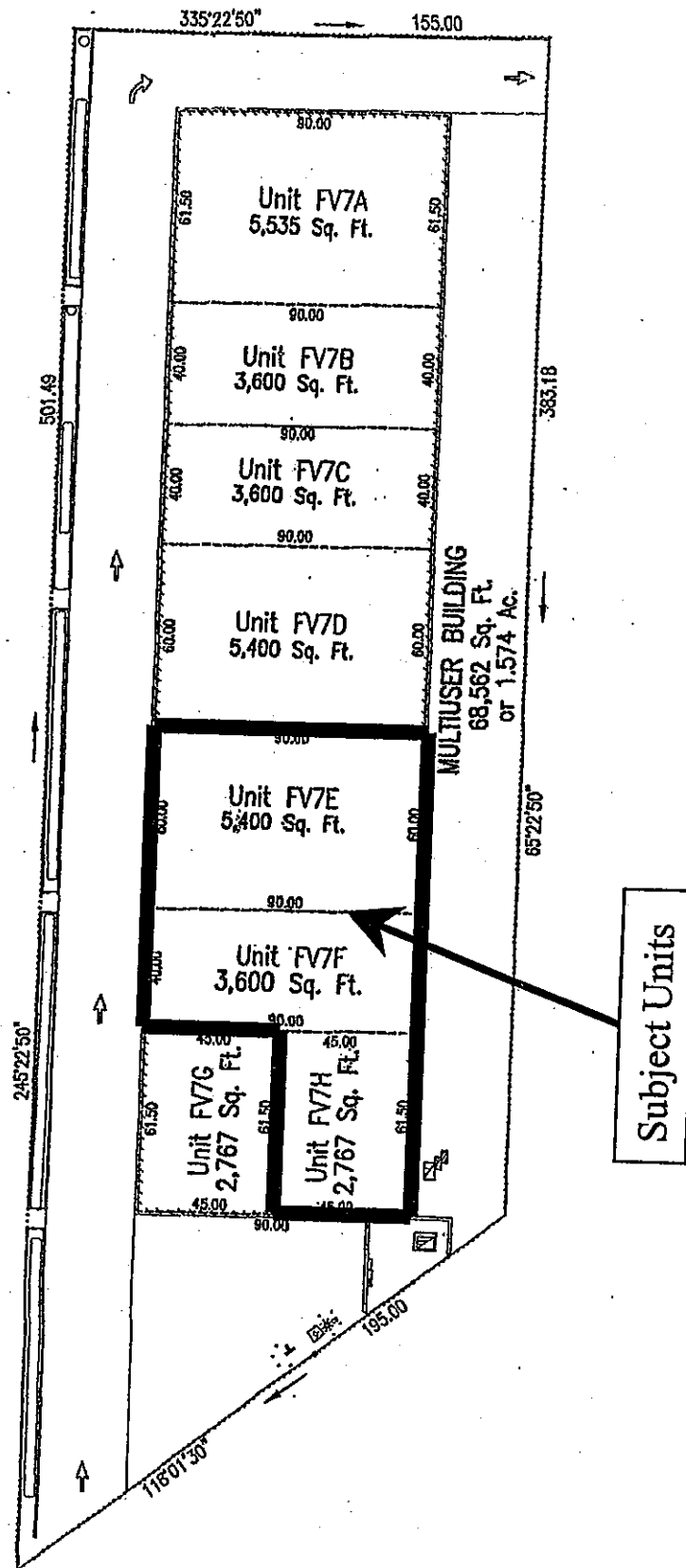


EXHIBIT "A"

AMENDMENTS TO ITEMS  
ITEM M-3 (IZUO BROTHERS)  
ITEM M-4 (DCL, INC.)  
ITEM M-5 (HONOLULU FISH & SEAFOOD CORP, DBA HONOLULU  
FISH COMPANY)

1. "STATUS" - Change Reference to GEO 1396 to GEO 1346.
2. "RECOMMENDATION" - Issuance of a Right-of-Entry to the Applicants, together with its consultants, contractors and sub-contractors, to the proposed leasehold lot for the purposes of performing a site environmental assessment, related environmental work and remediation work, if necessary together with all preliminary work needed to obtain all required permits for the leasehold improvements on the subject site and further subject to expiration within six (6) months of its issuance or upon execution of the subject lease, whichever occurs sooner.